

## Consolidated Financial Results for the Second Quarter of the Fiscal Year Ended March 31, 2017 [Japanese Standard]

November 8, 2016

Stock exchange: Tokyo (First Section)

Listed company name: Aida Engineering, Ltd.

Stock code: 6118 (URL <http://www.aida.co.jp>)

Representative: Kimikazu Aida, President

Contact: Hiromitsu Ugawa, Operating Officer, Division Manager, General Administration Headquarters

Tel: +81-42-772-5231

Scheduled date of filing quarterly securities report: November 8, 2016

Scheduled beginning date of dividend payment: —

Preparation of supplemental explanatory materials: Yes

Holding of quarterly financial results briefing: Yes (For institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

## 1. Consolidated Results for the Second Quarter of the fiscal year ended March 31, 2017 (April 1, 2016 to September 30, 2016)

## (1) Consolidated Financial Results

(Percentages represent change compared to the previous period)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2016	31,768	(15.2)	3,325	(21.4)	3,587	(29.0)	2,596	(23.3)
Six months ended September 30, 2015	37,468	9.7	4,233	16.6	5,055	33.6	3,386	23.6

Note: Comprehensive Income Six months ended September 30, 2016: 231 million yen ( $\Delta$ 87.6%)  
Six months ended September 30, 2015: 1,863 million yen ( $\Delta$ 57.7%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2016	42.10	42.02
Six months ended September 30, 2015	54.94	54.78

## (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2016	94,001	67,054	71.2	1,084.49
As of March 31, 2016	100,609	68,758	68.2	1,112.51

Reference: Shareholders' Equity As of September 30, 2016: 66,903 million yen  
As of March 31, 2016: 68,613 million yen

## 2. Cash Dividends

	Cash Dividends per Share				
	1Q End	2Q End	3Q End	Year-end	Total
Fiscal year ended March 31, 2016	Yen -	Yen -	Yen -	Yen 30.00	Yen 30.00
Fiscal year ended March 31, 2017	-	-	-	-	-
Fiscal year ended March 31, 2017 (Forecast)	-	-	-	40.00	40.00

Note: Revision of dividend forecast for this period: None

Cash dividends for fiscal year ended March 31, 2017 Ordinary dividend 30.00 yen 100th anniversary commemorative dividend 10.00 yen

## 3. Forecasts of Consolidated Results for the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Percentages represent change compared to the previous period)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ended March 31, 2017	70,000	(7.3)	6,500	(19.1)	6,600	(21.1)	4,600	(20.5)	74.57

Note: Revision of forecasts of consolidated results: None

4. Other

(1) Changes among significant subsidiaries during the period: None

Note: This refers to addition and deletion in specific subsidiaries with changes in the scope of consolidation during the period.

(2) Adoption of special accounting treatment for quarter financial report: None

Note: This refers to whether these above were used for preparing quarterly consolidated financial statements.

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1. Changes in accounting policies due to revisions of accounting standards: None
2. Changes in accounting policies other than "1": None
3. Changes in accounting estimates: None
4. Retrospective restatement: None

(4) Number of shares outstanding (Common stock)

1. Common stock (Treasury stock included)

As of September 30, 2016: 73,647,321 shares

As of March 31, 2016: 73,647,321 shares

2. Treasury Stock

As of September 30, 2016: 11,956,419 shares

As of March 31, 2016: 11,973,276 shares

3. Average number of shares outstanding

Six months ended September 30, 2016: 61,682,742 shares

Six months ended September 30, 2015: 61,646,723 shares

Status of execution of the quarterly review process of financial statements:

Review procedures under the Financial Instruments and Exchange Act had been completed at the time of disclosure of this report.

Statement for proper use of business forecast and other special remarks:

The above forecasts and those presented in appended material are based on the information presently available. Actual results may differ from these forecasts due to changes in various factors.

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# 1. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2016	As of September 30, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash on hand and at banks	22,529	19,243
Notes and accounts receivable - trade	20,105	18,706
Electronically recorded monetary claims - operating	397	716
Short-term securities	7,200	7,000
Finished goods	1,473	1,202
Work in process	9,332	9,866
Raw materials and supplies	2,624	2,403
Deferred tax assets	1,049	844
Other current assets	4,376	4,708
Allowance for doubtful accounts	(186)	(171)
<b>Total current assets</b>	<b>68,903</b>	<b>64,520</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	21,650	21,241
Accumulated depreciation	(14,061)	(14,070)
Buildings and structures, net	7,589	7,171
Machinery and vehicles	14,096	13,506
Accumulated depreciation	(7,492)	(7,503)
Machinery and vehicles, net	6,604	6,003
Land	5,062	5,014
Construction in progress	779	825
Other fixed assets	2,798	2,662
Accumulated depreciation	(2,177)	(2,122)
Other fixed assets, net	620	540
<b>Total property, plant and equipment</b>	<b>20,656</b>	<b>19,555</b>
Intangible assets	984	864
<b>Investments and other assets</b>		
Investment securities	5,802	5,924
Insurance reserve fund	3,390	2,152
Net defined benefit assets	435	488
Deferred tax assets	155	155
Other assets	308	366
Allowance for doubtful accounts	(26)	(26)
<b>Total investments and other assets</b>	<b>10,064</b>	<b>9,061</b>
<b>Total fixed assets</b>	<b>31,705</b>	<b>29,481</b>
<b>Total assets</b>	<b>100,609</b>	<b>94,001</b>

(Millions of Yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	6,882	5,372
Electronically recorded monetary obligations - operating	1,828	2,269
Short-term loans payable	3,163	2,809
Accounts payable - other	1,070	805
Income taxes payable	1,235	1,170
Advances received	7,738	5,393
Accrued warranty costs	1,081	955
Accrued bonuses for employees	1,117	1,000
Accrued bonuses for directors	60	51
Provision for loss on orders received	161	124
Special suspense account for reduction entry	126	41
Other current liabilities	2,473	1,921
<b>Total current liabilities</b>	<b>26,940</b>	<b>21,915</b>
<b>Long-term liabilities</b>		
Long-term loans payable	1,500	1,500
Long-term accounts payable - other	496	593
Deferred tax liabilities	2,261	2,294
Accrued stock payments for employees	238	257
Net defined benefit liabilities	99	108
Other long-term liabilities	314	277
<b>Total long-term liabilities</b>	<b>4,911</b>	<b>5,031</b>
<b>Total liabilities</b>	<b>31,851</b>	<b>26,947</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	7,831	7,831
Additional paid-in capital	12,416	12,420
Retained earnings	48,783	49,428
Treasury stock	(5,166)	(5,158)
<b>Total shareholders' equity</b>	<b>63,864</b>	<b>64,520</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gains on other securities	3,043	3,123
Deferred hedge gains	159	337
Foreign currency translation adjustments	1,211	(1,409)
Retirement benefit plans adjustments	333	331
<b>Total accumulated other comprehensive income</b>	<b>4,748</b>	<b>2,382</b>
<b>Stock options</b>	<b>145</b>	<b>151</b>
<b>Total net assets</b>	<b>68,758</b>	<b>67,054</b>
<b>Total liabilities and net assets</b>	<b>100,609</b>	<b>94,001</b>

## (2) Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	37,468	31,768
Cost of sales	28,475	23,959
Gross profit	8,993	7,809
Selling, general and administrative expenses	4,759	4,483
Operating income	4,233	3,325
Non-operating income		
Interest income	46	31
Dividend income	79	75
Gain from redemption at maturity of endowment insurance	28	60
Insurance premiums refunded cancellation	6	117
Foreign exchange gain	679	—
Other non-operating income	34	45
Total non-operating income	875	330
Non-operating expense		
Interest expenses	18	21
Foreign exchange loss	—	15
Other non-operating expenses	34	31
Total non-operating expenses	53	68
Ordinary income	5,055	3,587
Extraordinary gain		
Gain on sales of fixed assets	3	2
Total extraordinary gain	3	2
Extraordinary loss		
Loss on sales of fixed assets	2	0
Loss on disposal of fixed assets	2	16
Total extraordinary loss	5	16
Income before income taxes	5,054	3,574
Current taxes	1,190	783
Deferred taxes	477	193
Income taxes	1,667	977
Net income	3,386	2,596
Net income attributable to owners of parent	3,386	2,596

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net income	3,386	2,596
Other comprehensive income		
Net unrealized gains (losses) on other securities	(208)	79
Deferred hedge gains	163	177
Foreign currency translation adjustments	(1,461)	(2,621)
Retirement benefit plans adjustments	(16)	(1)
Total other comprehensive income	(1,523)	(2,365)
Comprehensive income	1,863	231
Comprehensive income attributable to owners of parent	1,863	231

## (3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities:		
Income before income taxes	5,054	3,574
Depreciation and amortization	960	979
Increase (decrease) in allowance for doubtful accounts	87	4
Increase (decrease) in accrued warranty costs, net	(283)	(52)
Increase (decrease) in accrued bonuses for employees, net	(147)	(85)
Increase (decrease) in accrued bonuses for directors, net	8	(9)
Increase (decrease) in provision for loss on orders received, net	32	(23)
Increase (decrease) in net defined benefit liabilities	(0)	21
(Increase) decrease in net defined benefit assets	(47)	(48)
Increase (decrease) in accrued stock payments, net	17	18
Interest and dividend income	(126)	(106)
Interest expense	18	21
(Gain) loss on sales of fixed assets	(0)	(2)
Loss on disposal of fixed assets	2	16
(Increase) decrease in accounts receivable - trade	(2,921)	(1,601)
(Increase) decrease in inventories	(1,315)	(933)
Increase (decrease) in accounts payable - trade	(893)	75
(Increase) decrease in other assets	693	942
Increase (decrease) in other liabilities	193	(803)
Other, net	253	420
Sub-total	1,586	2,406
Interest and dividend income received	124	105
Interest expenses paid	(14)	(22)
Income taxes paid	(1,411)	(854)
Net cash provided by operating activities	285	1,634
Cash flows from investing activities:		
Payments into time deposits	(600)	(1,093)
Proceeds for withdrawal of time deposits	98	188
Payments for purchase of property, plant and equipment	(1,599)	(1,276)
Proceeds from sales of property, plant and equipment	24	12
Purchase of intangible assets	(78)	(27)
Purchase of investment securities	(100)	—
Other, net	0	0
Net cash used in investing activities	(2,254)	(2,196)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	1,477	—
Payments for finance lease obligations	(7)	(2)
Purchase of treasury shares	(1)	(0)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(1,943)	(1,944)
Net cash used in financing activities	(474)	(1,947)
Effect of exchange rate changes on cash and cash equivalents	(1,429)	(1,816)
Net increase (decrease) in cash and cash equivalents	(3,872)	(4,324)
Cash and cash equivalents at the beginning of the year	29,958	29,524
Cash and cash equivalents at the end of period	26,085	25,199

(4) Notes to going concern assumption

None

(5) Notes regarding remarkable fluctuation in shareholders' equity

None

(6) Segment Information

Six months ended September 30, 2015

(Millions of Yen)

	Japan	Asia	Americas	Europe	Sub Total	Adjustments (*1)	Consolidated Statements of Income(*2)
Sales							
Sales to third parties	12,457	9,127	9,528	6,355	37,468	—	37,468
Inter-segment sales	9,823	2,144	415	383	12,767	(12,767)	—
Total sales	22,281	11,271	9,943	6,738	50,235	(12,767)	37,468
Segment profit or loss	2,216	1,313	772	(191)	4,110	122	4,233

Note:

1. Adjustments of sales represent elimination of inter-segment transactions.

Adjustments of segment profit or loss represent elimination of inter-segment transactions.

2. Segment profit or loss is adjusted to operating income of consolidated statements of income.

Six months ended September 30, 2016

(Millions of Yen)

	Japan	Asia	Americas	Europe	Sub Total	Adjustments (*1)	Consolidated Statements of Income(*2)
Sales							
Sales to third parties	10,849	6,215	8,536	6,167	31,768	—	31,768
Inter-segment sales	8,588	1,119	131	159	9,999	(9,999)	—
Total sales	19,438	7,334	8,668	6,326	41,767	(9,999)	31,768
Segment profit	1,795	662	709	126	3,293	31	3,325

Note:

1. Adjustments of sales represent elimination of inter-segment transactions.

Adjustments of segment profit represent elimination of inter-segment transactions.

2. Segment profit is adjusted to operating income of consolidated statements of income.

## 2. Supplementary Information

### Status of Orders

#### Orders and Order Backlog

Six months ended September 30, 2016

(Millions of Yen)

	Orders		Order Backlog	
	Amount	Year to year comparison (%)	Amount	Year to year comparison (%)
Japan	10,541	(35.7)	18,029	(13.0)
Asia	4,779	(55.6)	7,680	(47.9)
Americas	6,381	(35.1)	9,931	(18.5)
Europe	4,217	(34.4)	10,388	1.4
Total	25,919	(40.3)	46,029	(20.5)

Note:

1. Inter-segment transactions have been eliminated.
2. Amounts above do not include consumption tax.